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Summary of Legislation

H B 32 Life Insurance and Annuity Law Amendments **Representative Jim Dunnigan**

Background

- Life insurance and annuity standards (31A-22-425. Rulemaking authority for standards related to life insurance and annuities; lines 39-43). The Department does not have specific rulemaking authority to draft a rule to regulate the definition of insurance terms, the content of disclosures, and the nature of exclusions and limitations for life insurance.
- Group life insurance conversion standards (31A-22-517. Conversion on termination of eligibility; lines 56, 60-63). The code is unclear as to the minimum amount of group life insurance that an insured may convert upon termination of their group life insurance due to their own termination of employment or termination of membership in an eligible class. The section addresses the maximum amount that may be converted but is nonspecific as to the minimum amount.
- Other changes to the code sections in this bill are non-substantive formatting changes by Legislative Research.

Effects of Legislation

- Life insurance and annuity standards (31A-22-425).
 - Lines 32-38. Legislative research drafting change.
 - Lines 39-43. Provides authority to propose administrative rules regarding the definition of insurance terms, the content of disclosures, and the nature of exclusions and limitations for life insurance.
- Group life insurance conversion standards (31A-22-517).
 - Line 46. Legislative research drafting change.
 - Line 56. Clarifies that conversion is an option of the person entitled to a conversion policy.
 - Lines 60-63. Clarifies the minimum amount of life insurance that an insured is entitled to convert on individual termination of eligibility.
 - Lines 64-72. Legislative research drafting change.

Benefits of Legislation

- Life insurance and annuity standards (31A-22-425). Provides rule-making authority to propose minimum standards for the definition of insurance terms, the content of disclosures, and the nature of exclusions and limitations for life insurance.
- Group life insurance conversion standards (31A-22-517). Without clarification of the existing code, an insurer may limit the amount the insured is entitled to convert to a smaller amount. The clarification protects insureds by clarifying the amount of life insurance eligible for conversion

Support for Legislation

- Utah Insurance Department